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FIRST COUNTRY COOPERATION FRAMEWORK FOR TOKELAU (1998-2002)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Tokelau covers the period 1998-2002. It draws upon the UNDP advisory note, which, in turn, was based upon consultations with the Government of Tokelau, the Village Council of Elders in the three atolls and Tokelau's bilateral development partners. It also takes into account discussions with concerned parties during a recent UNDP mission to Tokelau in May 1997, as well as the mid-term review of the third country programme for Tokelau, which covered the period 1992-1996.

2. During 1997, the Government of Tokelau worked to finalize its first country cooperation framework, taking into consideration its current efforts to define new national development goals and priorities. The process was more protracted than that for other countries, owing to the extreme isolation of the country and the need for adequate consultations among the village councils of the three atolls. It became apparent during the course of the year that the process to formulate the first CCF could not be completed in time to present the document to the Board at its third regular session 1997. Under these circumstances, the Administrator found it necessary to extend the period of the third country programme to cover the year 1997. The Administrator wishes to bring this to the notice of the Executive Board at its current session.

3. Accordingly, the year 1997 was used both to complete two projects under the third country programme - a satellite-based telecommunications network project that connected the entire country to the outside world for the first time and a project to support the preparation of a new Constitution - and to decide on priorities for UNDP support under the first CCF.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Overview of sustainable human development issues

4. Tokelau, with a small population of approximately 1,600 people, enjoys a relatively high standard of living, with no visible signs of poverty or gender inequality. Traditional and communal values and practices play a key role in contributing to a state of general well-being and equity, as evidenced by the redistributive principles of traditional wealth (the *inati* system) and the importance attached to upholding the concept of the family and/or the extended family.

5. The tradition of *inati* requires the deposition of food and produce at a central location, which is then apportioned by the distributors on the basis of the established "share groups". This system of allocation applies to food and produce obtained "in the name of the village", e.g., produce from village lands, fish from a collective fishing expedition or a large donation from an individual member or family. The principle provides for a secure distribution system that caters to the needs of every member of the community, including the elderly, widows, single parents and children. As a result of the *inati* system, the incidence of poverty is not high in Tokelau. However, changes in the culture

because of external influences may leave Tokelauans vulnerable to poverty in time.

6. Women are well-integrated in Tokelauan society. They participate fully in the village decision-making process, through women's committees, the Village Councils of Elders and their membership in the General Fono (parliament).

7. Under Tokelau's compulsory education system, primary and secondary education is available to everyone. However, the low standard of the education system remains a problem and one of the main reasons why large numbers of families have migrated to New Zealand or Samoa, where their children will receive higher-quality education. Electricity is accessible, although the supply is irregular, and all families now have access to sufficient potable water for domestic use. Average life expectancy is 65 to 70 years, and there is easy access to health clinics. Tokelauans are generally healthy but there are concerns about some emerging health problems, particularly in terms of "lifestyle diseases". The shortage of qualified medical practitioners, surgeons and general health-care workers remains a serious problem on all of the atolls, with a large amount of national expenses being incurred because of the need to transfer the more serious cases to Samoa or New Zealand for treatment.

8. Major constraints to economic growth include natural disadvantages, such as the small size of Tokelau, isolation, the geographical spread of the atolls, limited and poor natural resources, and proneness to natural disasters (e.g., cyclones), as well as the small population, which translates to a small domestic market. Tokelau's economic stability has been made possible by the high levels of assistance from New Zealand, which contributes 3.4 million New Zealand dollars ($NZ) annually directly to the national budget, as well as a number of aid projects assisted by other donors, which total $NZ 0.9 million annually. Much of the financial support from New Zealand has been devoted to alleviating the costs of providing basic services in remote and isolated Tokelau, especially shipping, supplies, education, and health services. In early 1997, the Government of New Zealand purchased a sea-going vessel, the Forum Tokelau, to provide for more regular passenger and cargo transport service for Tokelau.

9. In the context of governance, the public sector continues to be the main employer. The Council of Faipule provides the link between the central Government and each of the three atolls, supported by the Village Councils of Elders. The extended family and elders/family heads systems are still the basic institutions of society and local government. In view of the constraints to economic growth, Tokelau is likely to remain dependent on New Zealand and international assistance for some years yet. Nevertheless, Tokelau remains committed to the goal of self-reliance and self-government to the greatest extent possible. This was reiterated during the recent UNDP mission to Tokelau, when the elders of Tokelau, through the taupulega (the Village Councils of Elders), voiced their collective wish to have more participation and authority in the actual day-to-day operations and administration of the Tokelau public service activities on each of the atolls. Their request was expressed to the Public Service Commissioners and the Tokelau Administrator, who indicated their willingness to develop a strategy for making it a reality, recognizing at the same time the need to strengthen the capacity of the Village Councils of Elders to take on the operational aspects of the proposed decentralization.

Livelihood and employment issues

10. Tokelau's Exclusive Economic Zone has been the most significant natural resource contributor to the national budget through the Forum Fisheries Agency. Tokelau's share of the sixth licensing period under the terms of the Treaty on Fisheries with the United States of America, was US$ 705,496 in 1994. A significant proportion of that amount was contributed to parallel funding for the telecommunications network project (TOK/94/001). Although fluctuating from year to year, the treaty will continue to be a source of revenue for the Government of Tokelau as long as it remains valid. Fisheries are probably the most valuable of Tokelau's natural resources. Also in 1994, all income-earning Tokelauans were, for the first time, asked by their Government to support their country through taxation. Revenue from taxes accounted for about 25 per cent of the national earnings of over $NZ 1 million for the 1994/1995 financial year.

11. The need to explore local revenue-earning opportunities further and to optimally utilize available resources are viewed as key issues that must be addressed if the country is to reach a greater level of self-reliance in the near future. Better information, training and focus are needed to improve the decision-making process on governance issues and resource use; thus the theme of natural resource development pervades all of the strategic government documents.

12. The Government of Tokelau continues to accord priority to the preservation and balanced exploitation of its fragile atoll ecosystems. Through the National Strategic Plan, the Government instituted a policy to monitor and counter likely external threats of development proposals on Tokelau's environment effectively.

II. RESULTS AND LESSONS OF PAST COOPERATION

General perception of external assistance

13. New Zealand is by far the most important donor for Tokelau, with assistance also being provided by UNDP, Australia, the World Health Organization, and regional organizations (the South Pacific Regional Environment Agency, the South Pacific Commission, the Forum Fisheries Agency and the University of the South Pacific). Official development assistance has done much to advance the goals and objectives of the Government and people of Tokelau, particularly in the areas of government services, infrastructure and human development. Aid from New Zealand provides for more than 90 per cent of total government expenditure and it continues to underwrite almost all of the Government's current and ongoing operational spending, although in recent years, Tokelau's own contribution to total government expenditure has averaged about 12.5 per cent.

14. Most of the New Zealand budgetary support has been allocated to pay public administration costs as well as the cost of transport and communications. In recent years, an increasing amount of budgetary resources has been allocated to the establishment of new governmental structures established to support the process of moving towards a greater degree of self-government. Social sectors such as education, women's affairs and health have also received a good share of aid resources. While this has contributed to the relatively high standard of living enjoyed by Tokelauans today, it has also led to the paradox of high

inflows and little or no economic returns. More direct assistance to the private sector is essential if the country is to have any chance of achieving sustainable economic growth and greater self-reliance.

The role and contribution of UNDP

15. The third country programme for Tokelau, which covered the period 1992-1996, focused on communications, with the Tokelau telecommunications network project (TOK/94/001) accounting for 42 per cent and human resource development (TOK/92/001) accounting for 26 per cent of indicative planning figure (IPF) resources. These two areas responded to the priority concerns of the Government of Tokelau, namely, its geographical isolation and the lack of local capacity to support and manage the self-government process and development issues. A milestone was reached in April 1997, when Tokelau, for the first time, was connected by telephone lines with the outside world, in a joint effort by UNDP, the International Telecommunication Union and the Governments of New Zealand and Tokelau.

16. Other projects, assisted by UNDP Special Programme Resources, included the construction of water storage tanks and a sea wall to protect the vulnerable, low-lying atolls from destructive wave action during cyclones or sea storms. The involvement of Tokelauans in the construction of these projects and the direct benefits the projects have had on the living conditions of the people through the income derived from them has made the projects worthwhile from a sustainable human development (SHD) perspective.

17. A number of concerns relating to the third country programme included the lack of an effective counterpart system and the fact that UNDP resources were too thinly spread to make a significant impact. There is a need to improve the focus of UNDP resources while ensuring, through improved donor coordination and adoption of the programme approach, that other significant areas are not neglected.

III. PROPOSED STRATEGY AND THEMATIC AREAS

18. The limited financial resources available for programming from UNDP necessitate the concentration of programmes in fewer areas, with a view to achieving greater impact. In this connection, and based on an extensive consultative process with the key stakeholders, consensus was reached that UNDP will support SHD in Tokelau through (a) the promotion of good governance and capacity-building, and (b) the promotion of job creation and sustainable livelihoods through village-based entrepreneurial development.

A. Governance

19. The UNDP-financed Pacific regional project on governance for sustainable human development will provide technical assistance in support of the policy framework for reforms in the Tokelau Public Service, and possibly in the area of constitutional development processes. At the country level, UNDP will assist the Tokelau Public Service in building capacity in the fields of financial

management, economic planning and public utility management, through the provision of United Nations Volunteer (UNV) specialists in these fields. Central to these programmes is the strengthening of capacity at the centre, in the Office of the Council of Faipule and other public service departments, and at the village level, through the Council of Village Elders, through systems improvement, more efficient management practices and the training of personnel.

Financial management

20. Currently, national accounts are managed through an elementary cash-based accounting system, which does not adequately meet accountability requirements although it does generate some information for management decision-making, such as monthly expenditure reports. The design and implementation of a suitable accrual-based accounting system will be pursued, along with the introduction and application of sound financial management practices, including systems for planning and forecasting, monitoring and analysis. UNDP will provide a UNV accountant for a period of at least two years to recommend options on systems to be adopted by the Government and to train staff in the new systems.

Economic planning

21. A suitably qualified UNV economic planning specialist will be assigned to the Office of the Council of Faipule (the Office that services the Cabinet) for a period of two years to set up suitable systems for economic forecasting and planning, aid coordination and project monitoring, as well as to advise the Government on expenditure trends. A national counterpart will be assigned to work full time with the UNV specialist.

22. The UNV specialist will be backstopped by the regional Pacific project on fiscal and monetary management reform and statistical improvement and the regional Pacific project on governance for sustainable human development.

Public utilities sector management development

23. A priority area of the public sector in which capacity is lacking is the management of public utilities. Tokelau will continue to work in partnership with the Government of New Zealand on improvements to the infrastructure related to public utilities. Additionally, the Government has requested the assistance of a UNV management specialist to establish and build the capacity of the electric power utility by training national personnel. It is envisioned that a suitably qualified UNV management specialist will take over the management of the utility for at least two years. Central to the role of the UNV specialist will be the establishment of the policy, legislation and procedural regulations covering the administration, operations and management of the government entity concerned and the training of a national counterpart who will take over at the end of the two-year period.

B. Job creation and sustainable livelihoods: entrepreneurial village development programme

24. The priority areas identified by the Government of Tokelau for assistance from UNDP cover a wide variety of areas at the village level, particularly the development of fisheries, coconut replanting, handicraft centres and the development of cooperative stores. UNDP will mobilize short-term advisory expertise for selected activities in these areas through the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and the United Nations Short-Term Advisory Resources (UNISTAR) modalities, as well as through the regional private-sector and Sustainable Livelihoods Programme and the sustainable management and utilization of natural resources project. In the longer term, UNV specialists will be mobilized to assist as required.

25. In the immediate term, particular efforts will be made to train and integrate prospective entrepreneurs into commerce. In this connection, lessons learned will be sought from the region, especially as they relate to training and integrating people who have not had prior entrepreneurial experience and/or exposure to the entrepreneurial culture. Support will also be provided for the development of a structural and regulatory environment, including business regulations, business taxation, and tariffs and import duty regulations. The recent International Labour Organization support for policy and programme development study on small business opportunities in Tokelau is likely to be developed further to provide useful baseline data for private sector development. There will be close cooperation with the Adult Learning Centres, on all three atolls in arranging relevant training and workshops. It is envisaged that the Partners in Development Programme will provide supplementary resources for the programme.

26. Although women are well-integrated into all aspects of Tokelauan society, there is a need to ensure that women are well-integrated into the proposed entrepreneurship programmes. In this connection, a UNDP-financed household income and expenditure survey will contribute to the process by measuring not only labour activity and consumption patterns, but the contribution of women to economic activities both within and outside the household and within the formal and informal sectors as well.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation

27. The Government of Tokelau has endorsed the concept that national execution should be the execution modality for UNDP-supported programmes during the period of the first CCF. Although several projects in Tokelau have been executed nationally, few management tasks have actually been carried out by the Government; only the formal execution, accounting and auditing have been undertaken. The small size of the Government and its considerable workload must be taken into consideration in this regard, and further national capacity-building related to national execution will need to be undertaken, particularly in light of the many changes in UNDP programming procedures over the last four years.

28. United Nations agencies may play important implementation and supporting roles within the framework of the Government's execution responsibilities. However, the Government expects that, under national execution, the implementation role of United Nations agencies will be reduced in comparison to their role in technical backstopping. Some agencies will either implement certain programme components or provide technical backstopping to government implementation. Other possible support functions include cost-effective modalities such as the provision of short-term consultants instead of long-term experts, national capacity utilization where national experts are available, the use of the UNISTAR and TOKTEN modalities for Tokelauans abroad, as well as the use of national volunteers and UNV specialists.

Monitoring and review

29. With regard to monitoring and evaluation, the Consultative Committee on Programming and Operational Questions Guiding Principles for Monitoring and Evaluation Methodology for the Programme Approach will be followed. This approach will ensure that the major aspects of the programme approach are integrated into the CCF right from the start, and will cover conditions for monitoring accountability through three different dimensions: substantive (relevance, impact and success); managerial (financial, budgeting, monitoring); and audit-related. The programmes and projects will include annual tripartite reviews, which will evaluate progress and make necessary improvements in implementation. The overall CCF will be subject to a triennial review at which progress will be evaluated and decisions made on the balance of programmable resources.

Resource mobilization

30. Core UNDP resources available to support programmes and projects outlined in the first CCF will be provided through the two-tier system of target for resource assignment from the core (TRAC) earmarkings.

31. UNDP and UNDP-managed resources that will be tapped for programming purposes include, as core resources: IPF carry-over, TRAC, support for policy and programme development, support for technical services, and regional and interregional funds. Non-core funds include: government cost-sharing, third-party cost-sharing, sustainable development funds (i.e., GEF), and other sources (e.g., the Partners in Development Programme, and the Poverty Strategy Initiative). The level of support targeted from the above-mentioned sources is provided in the annex to the present document.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR TOKELAU (1998-2002)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	10	
TRAC 1.1.1	274	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	60	
Subtotal	344[a]	
NON-CORE FUNDS		
Government cost-sharing		
Sustainable development funds	150	Global Environment Facility
Third-party cost-sharing	300	
Funds, trust funds and other	160	
	of which:	
Poverty Strategy Initiative	150	
Partners in Development Programme	10	
Subtotal	610	
GRAND TOTAL	954[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; PDP = Partners in Development Programme; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.